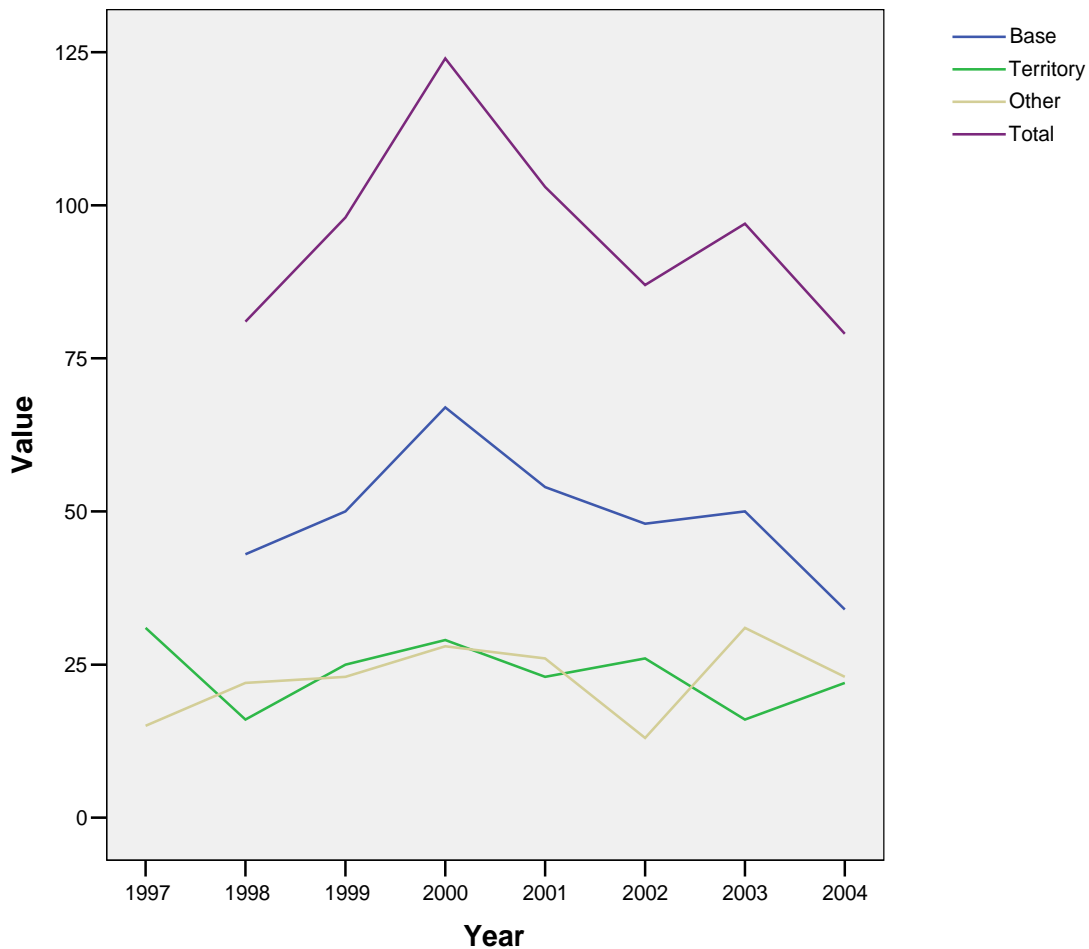


1.3 Summary Statistics

Statistics are helpful to understand the scope and scale of TIF usage in Wisconsin. A summary of the long-term trends indicates that over the last 25 years we have seen more TIDs, more equalized value in TIDs, and more tax revenue designated for TIDs. The data in this section demonstrate these trends in concrete terms, and provide context to explore some issues affecting TID development.

TID Creation and Amendment

In the short-term, the trends have been less emphatic. Particularly in the creation of new TIDs, the number of applications has dropped off in recent years (see chart below), while the numbers of territory and other amendments has held steady.



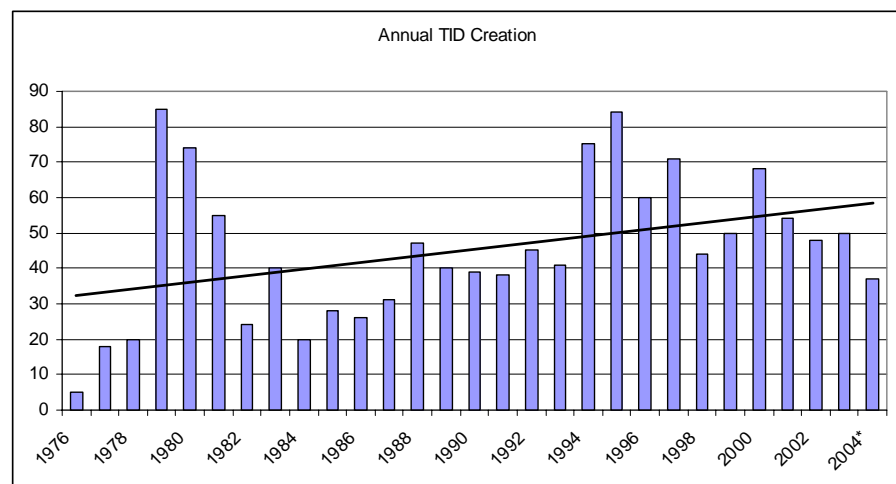
From a recent peak of 68 in 2000, the number of new base applications (blue line above) has fallen off. In 2004, only 34 applications for new TIDs were received, the lowest total since 1987. While the creation of TIDs appears to have slowed down over the past five years, the applications to amend TIDs have remained relatively stable. Since 1996, the number of territory amendments (green line above) has averaged about 23 per year, and the number of other amendments (gold line above) has followed the same trend.

It is informative to note that the last major reforms of TIF Law were passed in the 1999-2001 Legislative Session, close to the time that the number of base applications peaked. This could indicate that TIF Law changes result in higher numbers of TIDs being created. If this trend continues, 2005 should be a banner year for TIF creation. There are more than simple trends at work, however, in pushing up the number of TIDs.

Specific parts of the recent law changes will result in more TIDs being created and amended several years to come. The creation of the new mixed-use district simplifies the use of TIF for general economic development opportunities. In addition, the TIF capacity limit that was defined previously by the 5% test has been retained, but the limit has been raised to 12%. The 7% test has been eliminated. This means that communities that were at or beyond the capacity limit may now have excess capacity to use and will be creating new districts. The maximum allowable life of TIDs was also increased, which will likely lead to more increment revenue, more projects, and longer TID lives.

Not only should the number of new TIDs increase, but the number of territory amendments should also rise. Rather than being allowed one territory amendment during the first seven years of the TID's life, each TID can now have territory added or subtracted up to four times at any point during its life. Communities that have already amended the boundaries of their TID can now do so again, if they want to. All of these changes could mean more applications coming in to the DOR staff than ever before and more active TIDs for DOR staff to maintain.

While TID creation has been dropping off in the recent past, the table at right shows that since TIF started in Wisconsin the number of TIDs has been growing. Although there have been a few noticeable spikes in creation activity, the trend line shows a slow, steady growth over the past 28 years, resulting in 826 TIDs currently in existence.



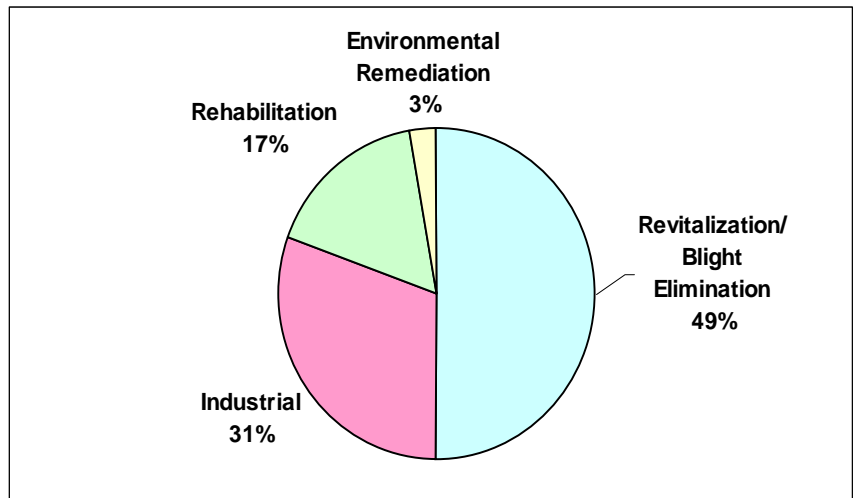
TIF Creation by TID Type

TIF Law in Wisconsin provides different rules for different types of TIDs. Because an urban blight elimination project will almost certainly have higher costs than a "greenfield" industrial development (such costs as demolition, remediation, and site-assembly that are not a part of a greenfield development), Blight TIDs have longer lives than Industrial TIDs. For this same reason, Blight TIDs can receive longer extensions to

their life than Industrial or Mixed-Use TIDs can. The [TIF Criteria Matrix](#) summarizes and compares the different rules that govern the various types of TIDs. Because the rules differ based on the type of TID, it is useful to examine the breakdown of the TIDs that are being created according to type.

In 2004, a total of 36 new TIDs were certified. Of these, 18 were Blight Elimination TIDs, 11 were Industrial TIDs, six were Rehabilitation/Conservation TIDs, and one was an Environmental Remediation TID. The chart below shows how the total is split among the many types of TIDs.

It is important to note that these TIDs were created before the Stepp-Lehman changes were in effect. This means that, although Mixed-Use TIDs can be created after October 1, 2004, none of them will be certified by the DOR until after January 1, 2006. Stepp-Lehman also, for the first time, required that municipalities choose one TID type to define each district. This choice is based on which use is predominant with respect to the area of the TID.



TIF and property taxes in Wisconsin

We have seen that the number of TIDs being created and amended has been on the rise in Wisconsin since the TIF program was first adopted in 1975. At the same time, the amount of tax base and tax revenue devoted to TIDs has been growing steadily. The value increment is the amount of growth in a TID since it was created; since 1989 the increment has grown by an average of 9.5% per year over the previous year while the gross property value of cities and villages has grown at an annual rate of about 7%. The percent of city/village value that is value increment has also grown from 2.9% in 1989 to 3.9% in 2001, where it has held steady through 2004. In 2004 value increment totaled \$9.6 billion.

As the property value generated by TIF has increased, so too have the taxes generated on that value. Of course, the taxes that TIF value increments generate can only be used to pay for TIF eligible project costs until the TID is closed. After the TID dissolves, the value is returned to the tax rolls and the revenue generated by those properties can go to the general fund. Tax increment levies have grown, since 1989, at an annual average rate of 7.3%, while general city/village levies have grown at an average of 4.6% over that same period. In 1989 the tax increment levies were 2.8% of the general city/village

combined levy. By 2001 they had reached 3.9%, the level at which they have stayed through 2003. For more detail on these statistics, see the tables below.

Table 1: TIF Incremental Value Compared to Total Equalized Value (In Millions)

	TID Amount	% Change	City/Village Amt	% Change	TIF Share
1989	\$2,496.5	--	\$86,604.9	---	2.9%
1990	\$2,843.0	13.9%	\$92,556.5	6.9%	3.1%
1991	\$3,125.5	9.9%	\$98,816.9	6.8%	3.2%
1992	\$3,428.9	9.7%	\$104,106.0	5.4%	3.3%
1993	\$3,502.7	2.2%	\$111,823.4	7.4%	3.1%
1994	\$3,318.1	-5.3%	\$119,898.3	7.2%	2.8%
1995	\$3,809.3	14.8%	\$129,379.4	7.9%	2.9%
1996	\$4,102.9	7.7%	\$138,113.3	6.8%	3.0%
1997	\$4,672.9	13.9%	\$142,258.6	3.0%	3.3%
1998	\$5,142.9	10.1%	\$155,723.1	9.5%	3.3%
1999	\$5,484.0	6.6%	\$164,215.9	5.5%	3.3%
2000	\$6,235.7	13.7%	\$177,431.3	8.0%	3.5%
2001	\$7,518.2	20.6%	\$192,182.1	8.3%	3.9%
2002	\$8,003.7	6.5%	\$205,679.1	7.0%	3.9%
2003	\$8,587.3	7.3%	\$220,716.1	7.3%	3.9%
2004	\$9,588.8	10.4%	\$243,100.2	9.2%	3.9%

Table 2: Tax Incremental Levies and Total City/Village Tax Levies (In Millions)

	TID Amount	% Change	City/Village Amt	% Change	TIF Share
1988	\$72.7	---	\$2,648.9	---	2.7%
1989	\$81.6	12.2%	\$2,870.6	8.4%	2.8%
1990	\$93.9	15.1%	\$3,091.6	7.7%	3.0%
1991	\$103.6	10.3%	\$3,319.3	7.4%	3.1%
1992	\$117.6	13.5%	\$3,607.0	8.7%	3.3%
1993	\$116.8	-0.7%	\$3,779.7	4.8%	3.1%
1994	\$103.8	-11.1%	\$3,871.2	2.4%	2.7%
1995	\$112.8	8.7%	\$3,970.8	2.6%	2.8%
1996	\$106.1	-5.9%	\$3,749.2	-5.6%	2.8%
1997	\$117.9	11.1%	\$3,898.2	4.0%	3.0%
1998	\$130.4	10.6%	\$4,107.9	5.4%	3.2%
1999	\$137.3	5.3%	\$4,203.3	2.3%	3.3%
2000	\$156.6	14.1%	\$4,510.0	7.3%	3.5%
2001	\$185.1	18.2%	\$4,786.0	6.1%	3.9%
2002	\$192.5	4.0%	\$4,985.9	4.2%	3.9%
2003	\$201.8	4.6%	\$5,194.3	4.0%	3.9%